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ABSTRACT

The Recycling Fund Concept was conceptualized as a special allocation of money for the purpose of expanding child care services for preschool children of low-income parents who were or had been recipients of Aid to Families with Dependent Children in Mecklenburg County, North Carolina. In 1985, North Carolina's Child Care Resources Incorporated (CCRI) submitted a formal proposal to test the Recycling Fund Concept. The process of developing the evaluation is described. As part of the evaluation, an analysis of CCRI's waiting list of applicants for state-supported child care assistance was undertaken. The major objective of this analysis was to examine the employment profile and child care contingency plans and arrangements of the population of applicants who either: (1) applied for employment-contingent child day care from October 1, 1989, to September 30, 1990; or (2) were offered such child care over a 12-month period. Surveys of applicants and of those offering assistance were administered. Results that were based on frequency distributions of items on the surveys are presented. Findings are discussed in regard to the Recycling Fund Concept and larger issues of welfare reform. (RH)

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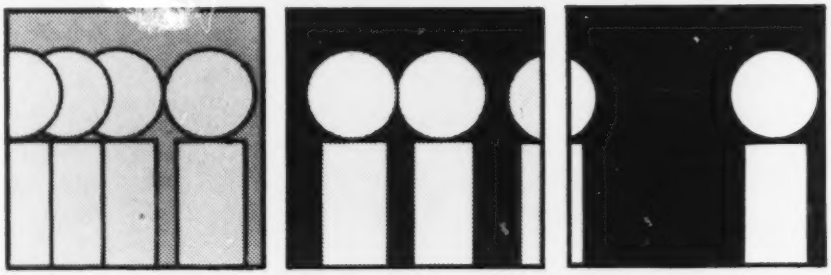
The Child Day Care Recycling Fund Experiment:

The Waiting List Analysis



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Introduction

The lack of affordable child care has been identified as a major impediment to the successful transition from welfare to work for mothers of young children (Hosni & Donnan, 1979; Presser & Baldwin, 1980; Rank, 1986; U.S. Bureau of the Census, 1987; Zopf, 1989). As noted by the U.S. Government Accounting Office (1988, p. 72), "child care can be the critical support service enabling an AFDC recipient to participate in an employment program or to hold a job." The perception of the economic barriers posed by the cost of child care for the working poor has led to increased funding of child care subsidies, as reflected both in the recently enacted Family Support Act of 1988 and the Child Care and Dependent Block Grant Act of 1990.

While few, if any, would oppose supporting the child care expenses of Aid to Families with Dependent Children (AFDC) recipients who work, the degree to which publicly-subsidized child care can serve as an incentive to foster the transition from welfare dependence to independence through employment has been the subject of considerable debate among policy analysts. Although prior research lends credence to the proposition that access to timely and affordable child care may be a "necessary" condition for assisting AFDC parents with preschool-aged children toward welfare independence, it may not be, in and of itself, a "sufficient" condition. This may be particularly the case for those welfare recipients who are faced with multiple barriers to employment and economic self-sufficiency, including limited education and training, marginal job skills, and limited work experience, as well as structural constraints in the larger society and social welfare system (Bane & Ellwood, 1983; Goodwin, 1983; Hutchens, 1981).

The Child Day Care Recycling Fund Experiment

In 1988, the Family Support Administration of the U.S. Department of Health and Human Services (HHS) approved a demonstration project designed to assess the extent to which guaranteed timely availability of subsidized employment-contingent child day care affected the transition of AFDC recipients with preschool children toward employment and welfare independence. Mecklenburg County, North Carolina was chosen as the site for this 15-month demonstration project, in part because of its interest in testing an innovative welfare reform initiative to expand subsidized child care to low-income working parents: The Recycling Fund Concept (Bowen, Farkas, & Neenan, in press; Bowen & Neenan, 1991; Neenan & Bowen, 1991; Troy, 1986).

The target population for this demonstration project consisted of all AFDC recipients whose youngest child was at least one year old and under the age of five, residing in Mecklenburg County, North Carolina. In addition, target families must not have been concurrently receiving state-supported child care, and the casehead must have been over age 18 and not enrolled in school more than 10 hours per week on the average.

As a requirement for approving this demonstration project, HHS had supported the development of a multi-faceted evaluation strategy through a grant to

the North Carolina Department of Human Resources (Bowen & Neenan, 1991; Neenan & Bowen, 1991). The centerpiece of the evaluation strategy was a classical experimental design. This design employed the offer, by mail, of relatively immediate, guaranteed, subsidized child day care for all children under the age of 12 for members of an experimental group of AFDC caseheads meeting target group specifications. This care was to be made available within at least two working weeks of application should the casehead apply after obtaining full-time, unsubsidized employment.

The control group for the experimental component consisted of caseheads with similar demographic characteristics who were not made such an offer; they were subject to the normal conditions for obtaining subsidized child day care upon obtaining employment. Because such child day care was funding constrained in Mecklenburg County, these conditions included being placed upon a waiting list for subsidized care pending the availability of funds. This typically entailed a waiting period of between six to ten months.

The dependent variable for this experimental component consisted of aggregate cost differentials across AFDC, Medicaid, and Food Stamp program expenditures between experimental and control groups over a 12-month time frame. The experimental component was augmented by supplemental design features. Pre-and post-intervention surveys were used to ascertain pertinent attitudinal, behavioral, and demographic characteristics of target group members. In addition, a controlled lagged time series analysis was conducted with archival data to examine the relationship between state expenditures for subsidized child care and subsequent expenditures for AFDC in the state's most heavily urbanized counties over a seven-year fiscal period (Bowen & Neenan, 1991; Neenan & Bowen, 1991).

The results from this evaluation suggested that the offer of the single support of relatively immediate, subsidized, employment-contingent child day care had no statistically significant effects in either promoting employment, employment-related outcomes, increasing client independence from the welfare system, or in reducing aggregate welfare expenditures. In addition, consistent with prior research, findings from both the pre- and post-intervention surveys suggested that welfare parents often face a number of personal and social-structural barriers to securing employment, other than access to timely and affordable child care.

Still, the interest of experimental group members in the child day care offer was high. Nearly one-half (143/300) requested further information about the offer after receiving it in the mail. Of these, fifty individuals (17%) actually received subsidized child care assistance under the auspices of the experimental offer; seventy-one children were successfully placed in child care facilities. Fewer than half this number in the control group (20/302) applied for subsidized child care assistance during the same period of time.

In addition to these findings from the experimental component of the evaluation, in the pre-intervention survey, respondents had expressed high interest in the experimental offer when described. Nearly nine out of ten respondents (87%) reported that they would use such a child day care opportunity if one existed. Among the many aspects of the program mentioned as favorable by respondents, the financial assistance it provided was mentioned most

often, followed by the offer of child day care in itself and the opportunity to receive this care in a timely manner.

This high level of interest in the special offer on the part of survey respondents was not surprising given their frequent identification of child care issues as a constraint to their employment behavior and outcomes. For example, the lack of available child care was mentioned most frequently by unemployed respondents as a barrier to employment. It was also mentioned frequently by employed welfare recipients as a barrier to a better job.

Based on these findings that are consistent with prior research, it was concluded that while child care is a "necessary" condition for the employment of AFDC parents with preschool children, it is not a "sufficient" condition in itself to ensure welfare independence and, as a consequence, to reduce aggregate welfare outlays. It is possible, however, that the availability of subsidized child care may operate differentially as an incentive for particular groups of low-income parents who qualify for assistance, given the extent to which factors other than child care serve to enhance or reduce the likelihood of transition to and from welfare.

One group for whom this support may be most effective as an incentive are parents who are already working full-time, who are on the waiting list for state subsidized child care support, and who may or may not be receiving AFDC. With the exception of not requiring that clients be current or former AFDC recipients, this group of low-income parents is identical to the target group proposed initially by the architects of the Recycling Fund Concept; they serve as the focus of this report.

Following a brief review of the Recycling Fund Concept and the process of developing the federally sponsored evaluation, the design and results of an additional supplemental design feature that ran parallel to the larger evaluation study are presented: the Waiting List Analysis. Implications of this analysis are discussed from the perspective of both the Recycling Fund Concept and larger issues of welfare reform.

The Recycling Fund Concept

In 1982, the Department of Social Services and the United Way in Mecklenburg County, North Carolina, sensitive to the perceived need for expanded child care services in the county, took the lead in forming Child Care Resources Incorporated (CCRI). Under contract to the county, a major function of CCRI was to administer government funds for child care, to determine the eligibility of clients requesting state-sponsored child care assistance, and to help place in child care children whose parents wanted to work but who could not afford child care.

Faced with the growing demand for state-sponsored child care assistance by low income parents who needed this care for employment-related purposes, an expanding waiting list for such assistance, and the possibility of decreased federal and state funds for child care, the Mecklenburg County Board of Commissioners in June of 1983 included an additional $300,000 in the budget for CCRI. This was a challenge grant to be matched with equal funds from the private sector. The $600,000 fund was to be used to meet a critical problem in finding additional

funds for expanding child care services to low-income parents with preschool children.

In response to the action by the county commissioners, CCRI convened a task force in August 1983 with membership from both the United Way and the Chamber of Commerce. The charge of this task force was to study the child care needs of low-income parents and to address the challenge grant. Based on a review of national, state, and county-level population demographics, and on interviews with a wide range of county and state officials as well as community leaders, the task force reached the following conclusions: (a) child care for low-income parents is a priority need in Mecklenburg County, (b) the goal of the community should be to provide child care for every low-income parent who wants to work rather than be on welfare, (c) the provision of financial assistance for child care to enable low-income parents to secure and maintain employment is a responsibility of government, and (d) the challenge grant should be matched by the private sector on a one time basis, and put into a Recycling Child Care Fund.

The Recycling Fund Concept was conceptualized as a special allocation of money targeted initially to provide child care for the preschool children of parents who met three criteria: (a) current AFDC recipient or former AFDC recipient who had exited from welfare within the past six months; (b) able and wanting to work; and (c) applicant on the waiting list or qualified for state-subsidized child day care assistance for employment-related reasons. For these parents, many of whom were already employed in the labor force or actively seeking paid employment, subsidized child care was hypothesized as one of the last remaining barriers to either accepting employment, maintaining employment, or finding a better job and hence fostering welfare independence and economic self-sufficiency. By targeting current as well as former AFDC recipients who had exited from welfare within the past six months, the offer of readily available, subsidized child care was advocated not only to foster the transition from welfare to work, but also to stabilize this transition over the longer term.

Since the cost of providing subsidized child care to support employment is less expensive than aggregate welfare costs in other program areas (AFDC, Food Stamps, and Medicaid), the result of providing more child care would be reduced welfare expenditures to the extent that such child care support accounts for employment-related outcomes for this population group. These welfare savings that resulted from employment could then be channeled back (or "recycled") to create a fund that potentially could provide child care support to an ever expanding number of low-income working parents at no extra cost to public funds. As such, the Recycling Fund Concept is not only an innovation in financing locally-originated welfare reform, but also an innovation in program accountability. The program would continue only as long as it produced results necessary to earn the revenues needed to cover costs.

The community responded positively to the challenge grant. Foundations and businesses put up $100,000 and the United Way contributed $150,000 from its capital funds account; the City of Charlotte contributed $50,000. This $300,000 matching fund was collected on the premise that these funds would be returned to their donors if the Recycling Fund Concept was not implemented. In 1985, CCRI submitted a formal proposal to the Office of Human Development Services, United States Department of Health and Human Services, to test the Recycling

Fund Concept.

The Target Group: A "Worst Case" Scenario

The challenge of developing an evaluation design to test the concept evolved through a series of integrated activities from 1985 to 1988, the most important of which was coordinating with federal sponsors in the Department of Health and Human Services to secure both funding for the evaluation and the waivers necessary to recycle savings should the concept prove successful. In this process, the target group for the intervention was restricted to the current pool of AFDC recipients in Mecklenburg County whose youngest child was between the ages of one and four years, inclusive.

By specifying the current pool of AFDC recipients as the sampling frame for the selection of experimental and control groups rather than those current or recent AFDC recipients who were able and who either expressed a desire to work or who were already employed, the test of the Recycling Fund Concept faced a "worst case" scenario. For example, it is estimated that approximately one-third of the AFDC population face a number of personal and structural barriers to employment that produce highly recalcitrant long-term dependence (Ellwood, 1985; Garfinkel, 1987). Another one-third of this population are at high risk for long-term dependency (Garfinkel, 1987).

Although it was assumed that child care support was a necessary condition for employment, it was not assumed that child care support was by itself sufficient within the general pool of AFDC recipients to promote the level of employment necessary to meet the federal standard for program success: the aggregate level of welfare expenses would decrease by at least 10 percent with a confidence level of 95 percent for the randomly selected group receiving the special offer as compared to the randomly selected group not receiving the offer. Such a standard was especially ambitious given the twelve month time frame for the intervention.

If such a decrease were to be demonstrated, the federal sponsor agreed to reimburse the otherwise nonreimbursed state child care costs up to the actual difference in federal cost of the AFDC, Medicaid, and Food Stamp program benefits between the experimental and control groups over the life of the demonstration. Further federal support of the Recycling Fund Concept depended on demonstrating its cost-effectiveness or, at a minimum, its cost neutrality.

The Waiting List Analysis

To better understand the implications of the target group selected for the intervention on demonstration findings, CCRI contracted with the School of Social Work at the University of North Carolina at Chapel Hill to conduct an analysis of their waiting list of applicants for state-supported child care assistance. The funding of subsidized child care was seriously constrained in Mecklenburg County with a waiting list of between 1000 to 1300 qualified applicants requesting child care for employment-related reasons. Consequently, it was this client group for whom CCRI hypothesized that the Recycling Fund Concept would

show the greatest level of cost savings over time through reduced welfare dependency and expenditures. The outcome would be a self-sustaining fund that had the potential to further penetrate over time into those low-income and AFDC population groups who have more marginal employment prospects; hence, it would serve an ever increasing number of low-income parents.

A major objective of this analysis was to examine the employment profile and child care contingency plans and arrangements of the population of applicants who either applied for employment-contingent child day care or who were offered such child care over a twelve-month time frame: October 1, 1989 to September 30, 1990. The September 30, 1990 ending point was selected to correspond to the ending of the Child Day Care Demonstration Contract. Two criteria were used to screen participants: (a) a youngest child between one and four years of age, inclusive, at the time of application for subsidized child day care assistance for purposes of comparability with the population identified in the larger demonstration project; and (b) application for child day care subsidy to either secure or maintain unsubsidized full-time employment (30 or more hours per week). Although applicants did not have to be a current or former AFDC recipient to participate in the analysis, they did have to meet state financial criteria for child care assistance. These standards have not been revised since 1980.

STUDY DESCRIPTION

Procedures

Two surveys were administered during the time frame from October 1989 through September 1990: an applicant and an offer survey. The applicant survey was administered to all clients meeting the above specified study criteria who applied for employment-contingent subsidized child care during the specified time frame. Administered in a face-to-face interview by the CCRI social worker who took the application for child care assistance, the applicant survey addressed the respondents' prior contact with and use of CCRI services, their perceptions about the benefits and disadvantages about the type of child care arranged by CCRI, interim child care arrangements or plans during their employment hours while they are on the waiting list for subsidized child care, and their employment profile, employment history, and attitudes toward welfare and work. The survey was designed to take no longer than 15 minutes to complete, and questions concerning child care plans or arrangements used the youngest child as the reference point. A combination of closed- and open-ended questions was asked of applicants. During the time frame for the study, 105 applicants meeting study criteria applied for child care support; 101 agreed to participate in the interview, yielding a 96.2 percent response rate.

The offer survey was administered by the CCRI social worker by telephone at the point of informing applicants that met study criteria that subsidized child care assistance was now available. All such

applicants were explained the purposes of the survey and asked to participate if they remained qualified to receive subsidized child care assistance. Largely composed of open-ended questions, the survey was designed to take no longer than 10 minutes to complete. It included questions in four major areas: employment profile, current child care arrangements, response to CCRI child care offer, and the perceptions among those accepting the offer about the child care arranged by CCRI. As with the applicant survey, the youngest child was used as the reference point in questions pertaining to child care. Completed surveys were obtained from 74 out of the 77 applicants who were offered subsidized child care during the specified time period, a 96.1 percent response rate.

When contacted, six applicants no longer met the employment criterion for subsidized child care. They were administered an alternate survey questionnaire; however, due to the small number of these applicants, they were precluded from separate analysis and presentation. Although the time frame for the offer survey overlapped with the time frame for the applicant survey, given the usually long waiting period for state-subsidized child care support, no respondents participated in both the applicant and the offer surveys.

Data Analysis

The results from the surveys are presented descriptively based on frequency distributions of items on the surveys. All analyses were conducted using SPSS, Version 4. Results from the applicant survey are presented first, followed by the results from the offer survey.

APPLICANT SURVEY

Demographic Profile

The average age of the youngest child at the point of application was 2.4 years. Nearly three out of four of these children were either two or three years of age (72%). The age of respondents at the point of application ranged from 19 years to 53 years; the mean age was 26.7 years. The modal applicant was female (100%), Black (87%), never married (64%), and had, at least, a high school education (85%). One-fifth of applicants had some post secondary education. Slightly more than one out of four applicants reported their marital status as separated (27%). As determined by Eligibility Information System (EIS), maintained by the North Carolina Department of Human Resources, 45 percent of applicants were receiving AFDC at the point of application or had received AFDC within the last six months.

Application for Subsidized Care

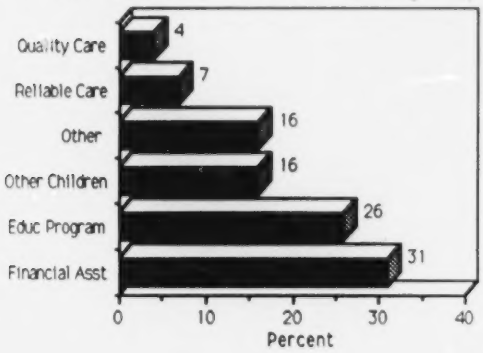
In the majority of cases (65%), this was the first visit by applicants to CCRI. However, nearly one-third (31%) had applied for subsidized child care services from CCRI on a prior occasion. Approximately one-fourth (24%) had actually received subsidized child care support through CCRI before.

Most applicants had found out about CCRI's child care services for working mothers through informal mechanisms. Nearly one-half of the applicants (47%) learned about CCRI's child care services for working mothers through a friend or a neighbor. Sixteen percent heard about CCRI's services through a

relative; another 11 percent received information about CCRI from the Department of Social Services.

When asked about the main benefit for their child, if any, that they saw from the type of child care arranged by CCRI, applicants mentioned several benefits, including: financial assistance (31%), educational program (26%), chance for child to be with other children (16%), and dependability and reliability of child care services arranged (7%) (FIGURE 1). When asked about the main disadvantage for their child, if any, that they saw from the type of child care arranged by CCRI, three quarters of the applicants (76%) could not think of any disadvantages.

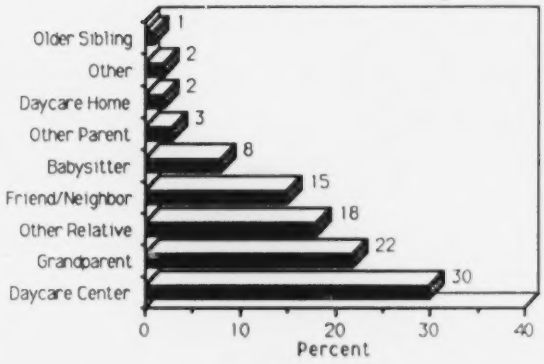
FIGURE 1
Main Benefit: Child Care Arranged by CCRI



Interim Child Care Arrangements

Given the long waiting list for subsidized child care services in Mecklenburg County, applicants were asked about their interim child care plans while they remained on the waiting list. More than two out of five applicants (44%) either used or planned to use a relative or family member to care for their youngest child during work hours until CCRI could arrange child care. In most of these cases, the grandparent of the child was the source of assistance (22%). Approximately one out of three (30%) either used or planned to use a daycare center (FIGURE 2). In

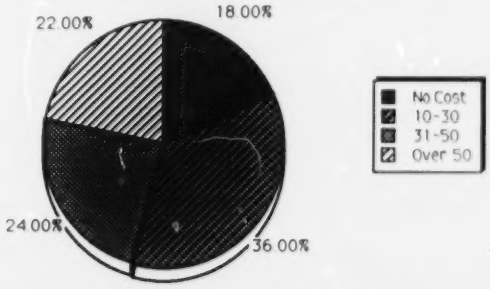
FIGURE 2
Interim Child Care Arrangements



more than four out of five cases (82%), the care that was provided/planned for the youngest child did/would take place outside the home of the applicant.

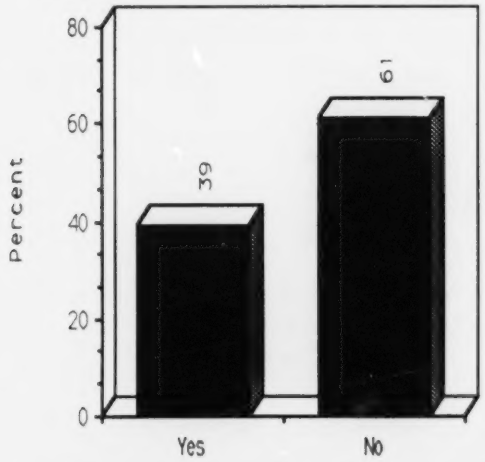
More than four out of five applicants (82%) either currently paid for/planned to pay for the child care that their youngest child received/would receive so that they could work. Slightly more than one-fifth of applicants (22%) paid or planned to pay more than fifty dollars per week for this child care (FIGURE 3).

FIGURE 3
Actual/Anticipated Weekly Child Care Cost



Approximately sixty percent of applicants (61%) did not prefer their current arrangement or their plans for the care of their youngest child while waiting for child care from CCRI (FIGURE 4). Of those applicants that did not prefer their current arrangement or their plans for the care of their youngest child while waiting for child care from CCRI, more than nine out of ten (93%) preferred center-based child care. Applicants

FIGURE 4
Prefer Interim Child Care Arrangement



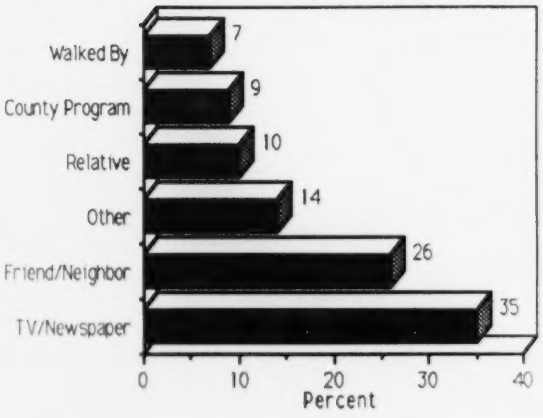
preferred center-based care primarily because of the educational programs that these centers typically provide for children. Cost was cited by nearly nine out of ten applicants (88%) as the most important reason that was keeping them from getting the kind of child care that they preferred.

Employment Profile

Since full time employment is a prerequisite for receiving child care support, all applicants for subsidized child care assistance either currently held a job or had a definite offer of a job. Nearly all (98%) either held one job or planned to hold only one job.

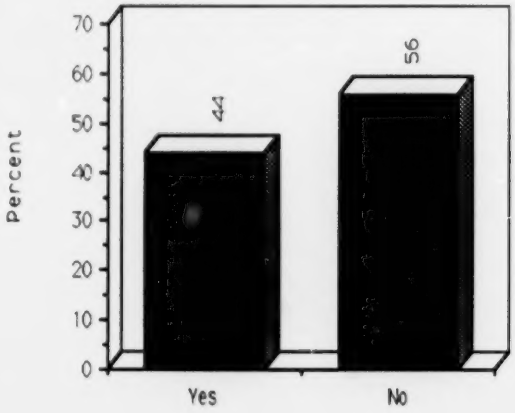
In most cases, applicants had secured their jobs through informal mechanisms, such as a television/newspaper advertisement (35%) or through a friend or neighbor (26%) (FIGURE 5). Less than 1 out of 10 (9%) had found their job through a county-sponsored assistance program.

FIGURE 5
Job Locating Strategy



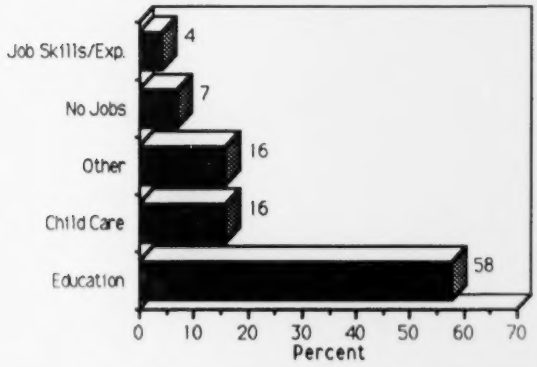
The applicants' jobs were primarily either service-oriented or factory-related, and included cashiers (15%), housekeepers (11%), restaurant workers and waitresses (11%), factory workers (8%), and packers (7%). When asked if this is the kind of job that they would really like to have, more than one-half of applicants (56%) said no (FIGURE 6). Of those applicants who would prefer another kind of job, nearly three-fifths (58%) perceived their lack of education as a obstacle to getting the kind of job that they

FIGURE 6
Kind of Job Preferred



would prefer (FIGURE 7). A lack of available child care was mentioned by nearly one out of six applicants (16%) as a barrier.

FIGURE 7
Barriers to Preferred Job



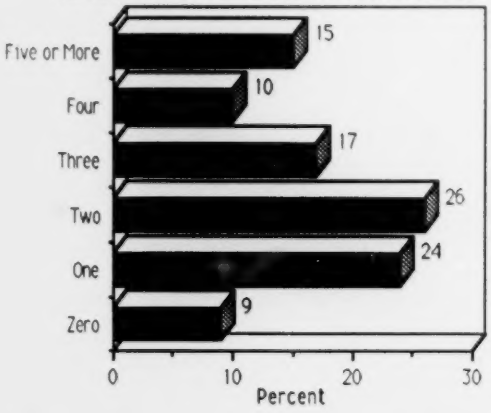
In most cases, applicants were not optimistic about the long-range prospects of remaining in their current/planned job. More than one-half of applicants (53%) projected that they would remain at their job for twelve months or less. Approximately three out of four applicants (76%) projected that they would work at their job for 24 months or less.

Despite a view toward future employment instability, the data revealed that these applicants had a positive work ethic. When asked whether they strongly agreed, agreed, disagreed, or strongly disagreed with a series of statements about work that were selected and adapted from the Social Norms about Working Subscale from the Meaning of Work Survey (Meaning of Work International Research Team, 1987), the following proportion of applicants either strongly agreed or agreed that (a) a job should be available to everyone who wants to work (96%); (b) boring work is ok as long as the pay is good (51%); (c) every able-bodied citizen should work (92%); and (d) working at even a low-paying job is better than depending on welfare (90%). Yet, nearly three-quarters of applicants (74%) felt that the working life of the average person was getting worse not better.

Employment History

Frequent job changes seemed to be a characteristic way of life for many of these applicants. Not including their current job, approximately two out of five applicants (42%) had had three or more jobs in the last three years (FIGURE 8). Fewer than one out of ten applicants (9%) had not worked at any job other than their current/planned job in the last three years. Of the applicants who had worked at least one other job in the last three years for an average of 30 or more hours per week (81%), nearly one-half (46%) had not worked this job or any one of these jobs for more than twelve months.

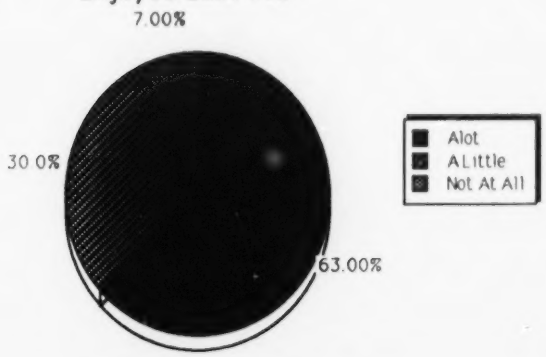
FIGURE 8
Number of Other Jobs in Last Three Years



The results from the survey suggested that the relatively high job turnover of applicants was not necessarily due to their dissatisfaction with their jobs. When those who had held a prior full-time job in the last three years (30 or more hours per week) were asked about how much they liked this job, more than three out of five (63%) reported that they had enjoyed this job a lot (FIGURE 9). Less than 10 percent (7%) reported that they had not enjoyed this

job at all. When asked about why they left this job, applicants mentioned a variety of reasons, including pregnancy (13%), finished job (13%), moved (11%), bad hours (9%), and low salary/wages (9%).

FIGURE 9
Enjoyed Last Job



OFFER SURVEY

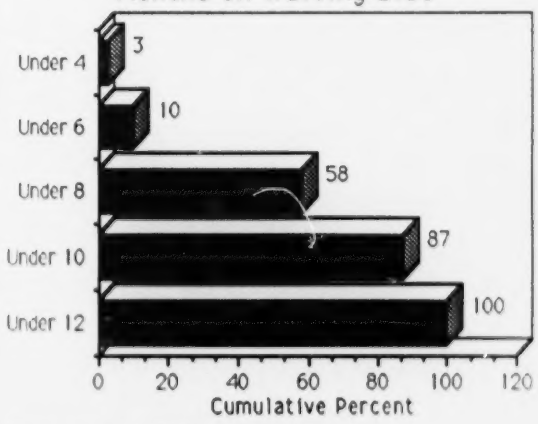
Demographic Profile

The profile of applicants at the time of the offer of child care was similar to the profile of those making application. The average age of the youngest child was 2.6 years. In nearly three out of five cases (57%), the age of the youngest child was either one or two years old. The age of applicants at the time of the offer ranged from 18 years of age to 40 years of age; the mean age was 26.9 years. Nearly 4 out of 5 applicants (78%) were under age 30. The modal applicant was female (100%), Black (96%), never married (63%), and had, at least, a high school education (82%). Approximately one-fifth of applicants (21%) had some post secondary education. Slightly more than one-third reported their marital status as separated (34%). As determined by Eligibility Information System (EIS), maintained by the North Carolina Department of Human Resources, one out of two applicants were receiving AFDC at the point of application or had received AFDC within the last six months.

Waiting List Status

The implications of the lack of subsidized child care slots in Mecklenburg County became readily apparent when the average length of time between application and offer was examined. Applicants had been on the waiting list for subsidized child care at the time of the offer for an average of eight months, ranging from 1.3 months to 11.8 months. Approximately two out of five applicants (42%) had been on the waiting list for eight or more months (FIGURE 10).

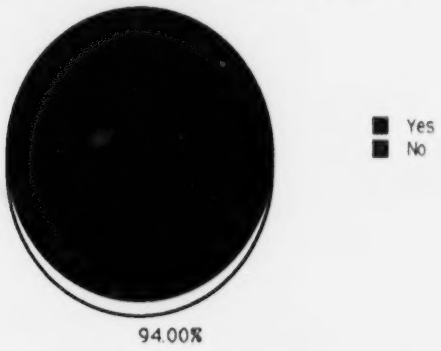
FIGURE 10
Months on Waiting List



Response to Child Care Offer

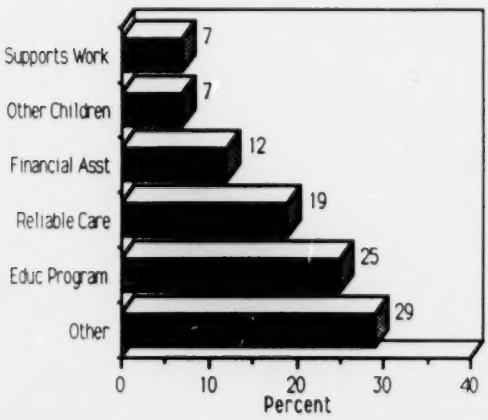
When contacted, more than nine out of ten (94%) applicants accepted CCRI's offer to provide subsidized child care for their youngest child (FIGURE 11). Of the few applicants that declined CCRI's offer, they did so for a variety of reasons, including satisfaction with the dependability and reliability of their current arrangement, general satisfaction with their current arrangement, preference to wait until their child gets older, and change of residence.

FIGURE 11
Accepted Offer: Subsidized Child Care



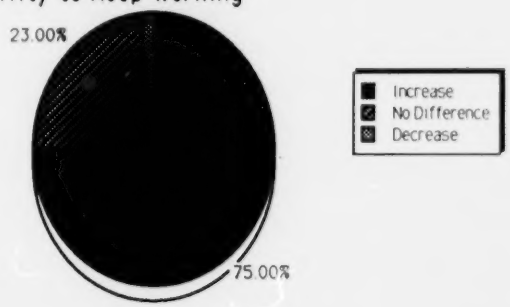
Not surprisingly, among those that accepted the offer, more than nine out of ten applicants (94%) felt that the kind of child care that CCRI had arranged for them would be better than the child care arrangement that they had been using up to now for their youngest child. When asked why they felt that CCRI's arrangement would be better, one out of four (25%) mentioned the nature of the educational program; nearly one out of five (19%) mentioned the dependability and reliability of the child care arrangement. Slightly more than one out of ten (12%) mentioned the cost of the arrangement (FIGURE 12).

FIGURE 12
Main Benefit: Child Care Arranged by CCRI



Compared to their current child care arrangement, three-quarters of the applicants (75%) felt that the kind of child care arranged for them by CCRI would improve their ability to keep working (FIGURE 13). The remaining one-quarter either said it would make no difference (23%) or it would decrease their ability to keep working (2%).

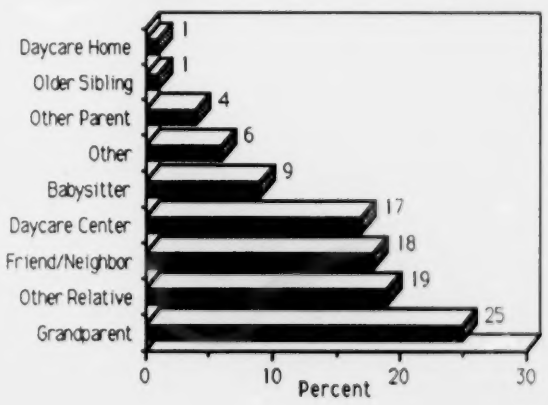
FIGURE 13
Effect of Subsidized Child Care:
Ability to Keep Working



Current Child Care Arrangements

Nearly half of the applicants (49%) relied primarily upon another family member or relative to care for their youngest child during the hours that they worked: grandparent (25%), other relative (19%), other parent (4%), or older sibling (1%) (FIGURE 14). An-

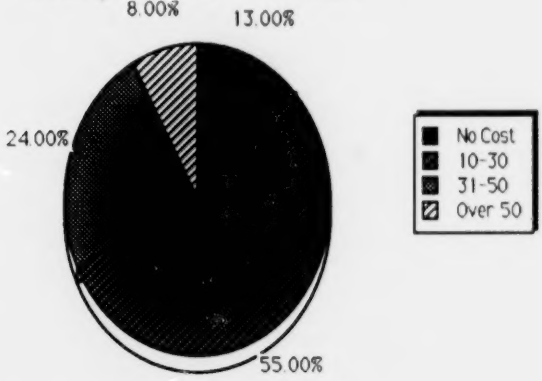
FIGURE 14
Present Child Care Arrangement



other 18 percent relied upon a friend or neighbor; a slightly smaller percentage (17%) used a daycare center. Only 1 out of 10 applicants drew upon the resources of more than one provider to care for their youngest child during the hours that they worked.

Approximately nine out of ten applicants (87%) paid for the child care that they received for their youngest child. Approximately one out of three applicants (32%) paid more than $30.00 per week on the average (FIGURE 15).

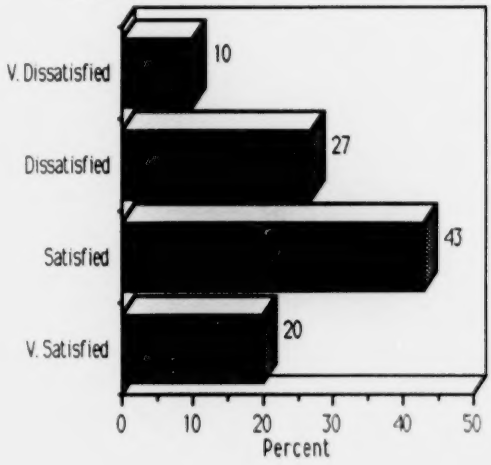
FIGURE 15
Weekly Cost for Child Care



When applicants were asked about their level of satisfaction with the child care arrangement that they had made for their youngest child during the hours that they worked, approximately three out of five were either "satisfied" (43%) or "very satisfied" (20%) with their arrangement (FIGURE 16). On the other hand, the remaining applicants were either "dissatisfied" (27%) or "very dissatisfied" (10%) with their child care arrangement.

When asked about what they liked most about the child care arrangement that they had been using for their youngest child, applicants most often reported either the convenient distance of the provider from

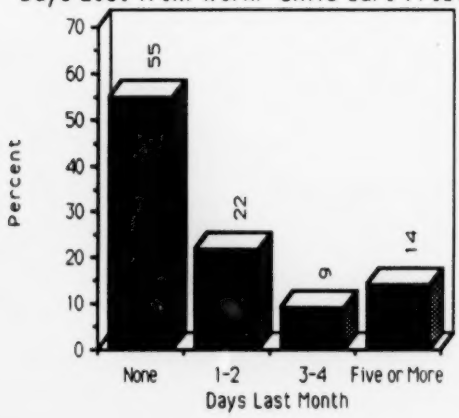
FIGURE 16
Satisfaction with Child Care Arrangement



their home (23%) or their personal relationship with the provider (17%). On the other hand, when asked about what they liked least about the child care arrangement that they were using for their youngest child, applicants most often reported no significant complaints (21%). However, others expressed concerns either about the dependability and reliability of the care (13%), the quality of the care (7%), the cost of care (7%), or the imposition upon their family (6%).

Approximately one out of seven applicants (15%) reported that the lack of dependability and reliability of their current child care arrangement had affected their ability to keep working. In fact, more than two out of five applicants (45%) reported that they had missed one or more days from work over the last month because of child care problems (FIGURE 17). Approximately one out of five (23%) had missed three or more days from work over the last month because of child care problems.

FIGURE 17
Days Lost from Work: Child Care Problems



Employment Profile

Almost all applicants (97%) were employed in only one job. In addition, nearly all applicants (96%) worked 30 or more hours per week on the average; the average number of hours was 36.7 hours with a standard deviation of 4.3 hours.

The jobs of applicants varied among 30 different categories but were primarily either service-oriented or factory-related, and included cashiers (23%), factory workers (10%), restaurant workers and waitresses (7%), and clerks and secretaries (10%). Approximately two out of five applicants (44%) had been working in their present job for six months or less. Nearly two out of three (66%) had been working in their present job for 12 months or less.

SUMMARY AND DISCUSSION

There is a major difference between waiting list clients for subsidized child care and their counterparts in the general AFDC population. Although both qualify for subsidized child care assistance, all waiting list clients either have a job or a definite offer of a job. In fact, before being placed on the waiting list, they must either document that they are employed for 30 or more hours per week or have a letter from an employer certifying that they have found employment and indicating a starting date. In the pre-intervention survey that preceded the child care demonstration experiment, only 17 percent of the AFDC respondents indicated that they were employed, either full time or part-time, at the time of the survey. For those who make application for subsidized child care assistance, their behavior suggests that they have already surmounted other barriers to full time employment, at least to a minimal extent, including finding an interim child care arrangement for their youngest child.

In general, these waiting list clients are not only looking for some financial assistance to help defray some of the costs of child care, but also a more positive situation for their child as well as a situation that offers more dependable and reliable child care support. For at least some of these clients, the lack of reliable and dependable child care assistance challenges their ability to keep working and to report to work. Most rely largely upon relative-based and other sources of informal child care assistance while on the waiting list for subsidized care. Nearly three out of four that accepted CCRI's offer of subsidized child care assistance felt that the kind of child care arranged for their children would improve their ability to keep working.

Because they are already gainfully employed, the cost effectiveness of the Recycling Fund Concept would seem to have its best potential for success with this target group of clients. As suggested by the proportion of applicants in the offer survey who were

still employed 30 or more hours per week some six to nine months after making application for subsidized child care assistance (93%), these waiting list clients are motivated to work and evidence a high level of employment continuity.

Yet, similar to the AFDC recipients who were employed in the pre-intervention survey, the types of jobs held by these waiting list clients as well as their attitudes and projections concerning them hold little immediate promise of either long-term welfare independence or economic self-sufficiency. Given that almost all of these clients were single parents without the benefit of a co-provider, they would need to earn at least seven dollars an hour and work an average of 40 hours per week across the entire year to earn a salary that approximated fifteen thousand dollars a year—a salary amount that is generous for such families in North Carolina but still marginal by any stretch of the imagination for a family of three or four. Without additional support in the form of education, job training, and improved employment prospects, including changes in the structure of the economy and a higher minimum wage, the economic potential of these waiting list clients may be quite limited.

Obviously, subsidized child care assistance is a necessary support for low-income parents attempting to escape the perils of poverty and unemployment. Yet, for many of these parents, long-term welfare independence and economic self-sufficiency require a multi-faceted intervention plan. The new Job Opportunities and Basic Skills Training Program (JOBS), Title II of the 1988 Family Support Act, embodies this type of multi-faceted approach, including both guaranteed child care assistance during their participation in the program and transitional assistance after leaving the AFDC program.

The results of this investigation suggest that providing child care may be a cost-effective intervention in promoting the employment and employment continuity of those low-income parents, such as waiting list clients, where the lack of affordable child care remains one of the last remaining barriers to a higher level of economic self-sufficiency. Based on these findings, it is recommended that the level of child care funding be increased to such special subgroups of low-income parents.

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